

Abstract of the Disclosure

The present invention provides a system and method for the verification of the purchase of a retail item wherein an encoding device provides a machine-readable post-
5 purchase indicia on the label for a retail item at the point of sale of the retail item. When a customer returns the retail item for a refund or exchange, a detecting device analyzes the label for the presence of the post-purchase indicia. Presence of the post-purchase indicia indicates a legitimate exchange whereas the absence of the post-purchase indicia signifies a fraudulent exchange.